COMPETITIVE SOURCING ala A-76

Commandant Statement

"We must take full advantage of outsourcing and privatization of functions that contractors can perform less expensively than federal employees and active duty personnel. We need to look at those functions that Marines perform in the supporting establishment and ask ourselves how many of those functions can be outsourced. My goal is to return as many of our Marines as possible to the operating forces."[1]

J.L. Jones

[1] CMC Guidance July 1999

What is Competitive Sourcing?

- **Competitive Sourcing refers to the process of obtaining a support service through either public or private resources based on the best value of the provider.**

- **This traditionally entails an A-76 competitive study which weighs in-house costs (MEO) against a contract proposal (PWS).**

- **However, the full magnitude of the program also includes Privatization, Direct Conversions and other Efficiency Improvements**

Definitions…

- **COMMERCIAL ACTIVITY (CA)** - An activity, either contracted or operated and managed by an activity, that provides a PRODUCT or SERVICE "obtainable" from a commercial source.

- **COMPETITIVE SOURCING** - The process* of obtaining a support service through either public or private resources, based on the best value of the provider, where the Government retains full responsibility and control over delivery of those services.

*As regulated by OMB Circular A-76.

Definitions cont'd…

- **OUTSOURCING / DIRECT CONVERSION** - The outsourcing process where an in-house service is transferred straight to contract accomplishment.

- **PRIVATIZATION** - The process of changing a public entity or enterprise to private control and ownership.

- **INHERENTLY GOVERNMENTAL** - An activity that is so intimately related to the public interest as to mandate performance by Federal employees.

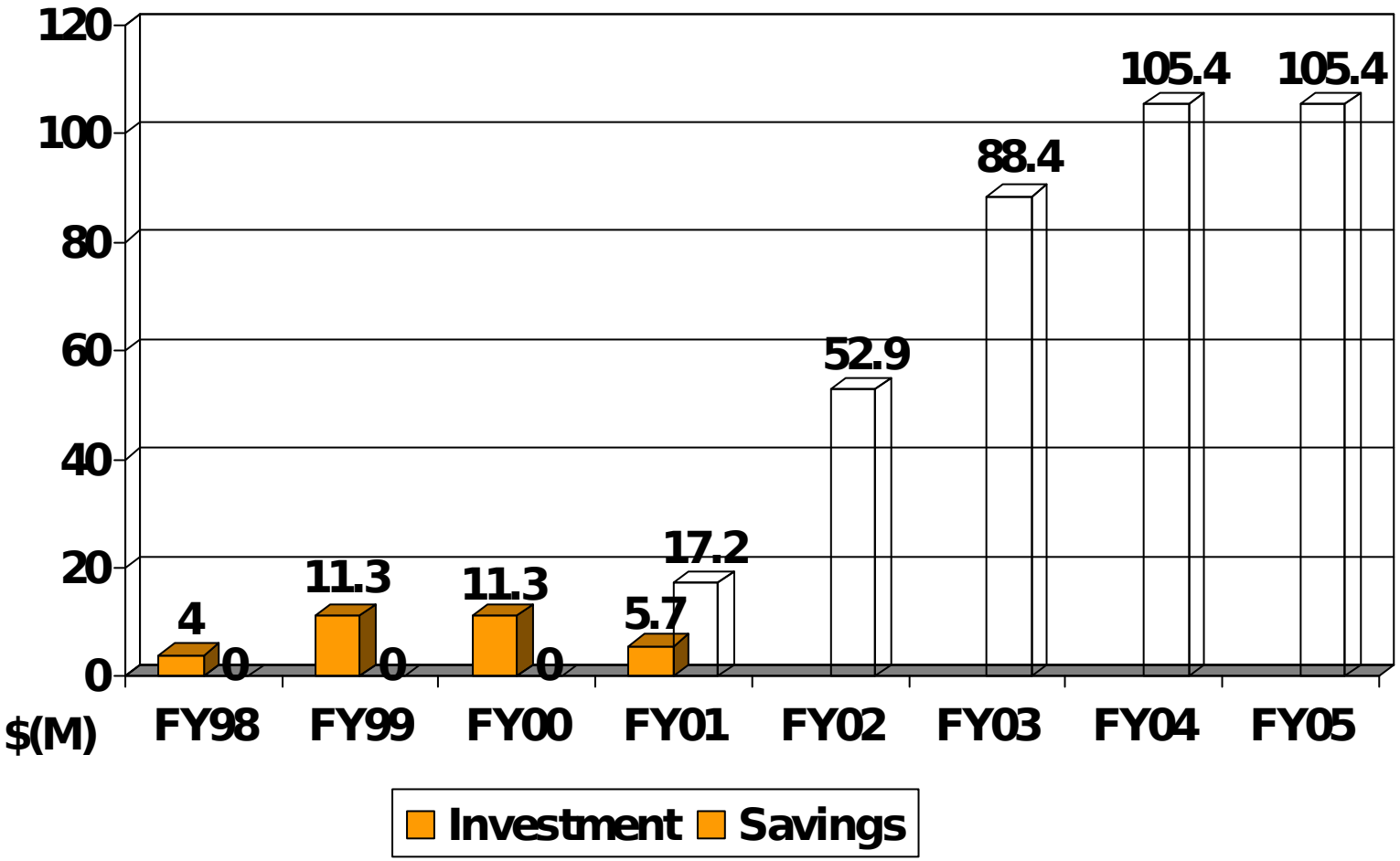
Definitions cont'd…

- **PEFORMANCE WORK STATEMENT (PWS)** - A statement of the technical, functional, and performance characteristics of the work that is being competed for under A-76.

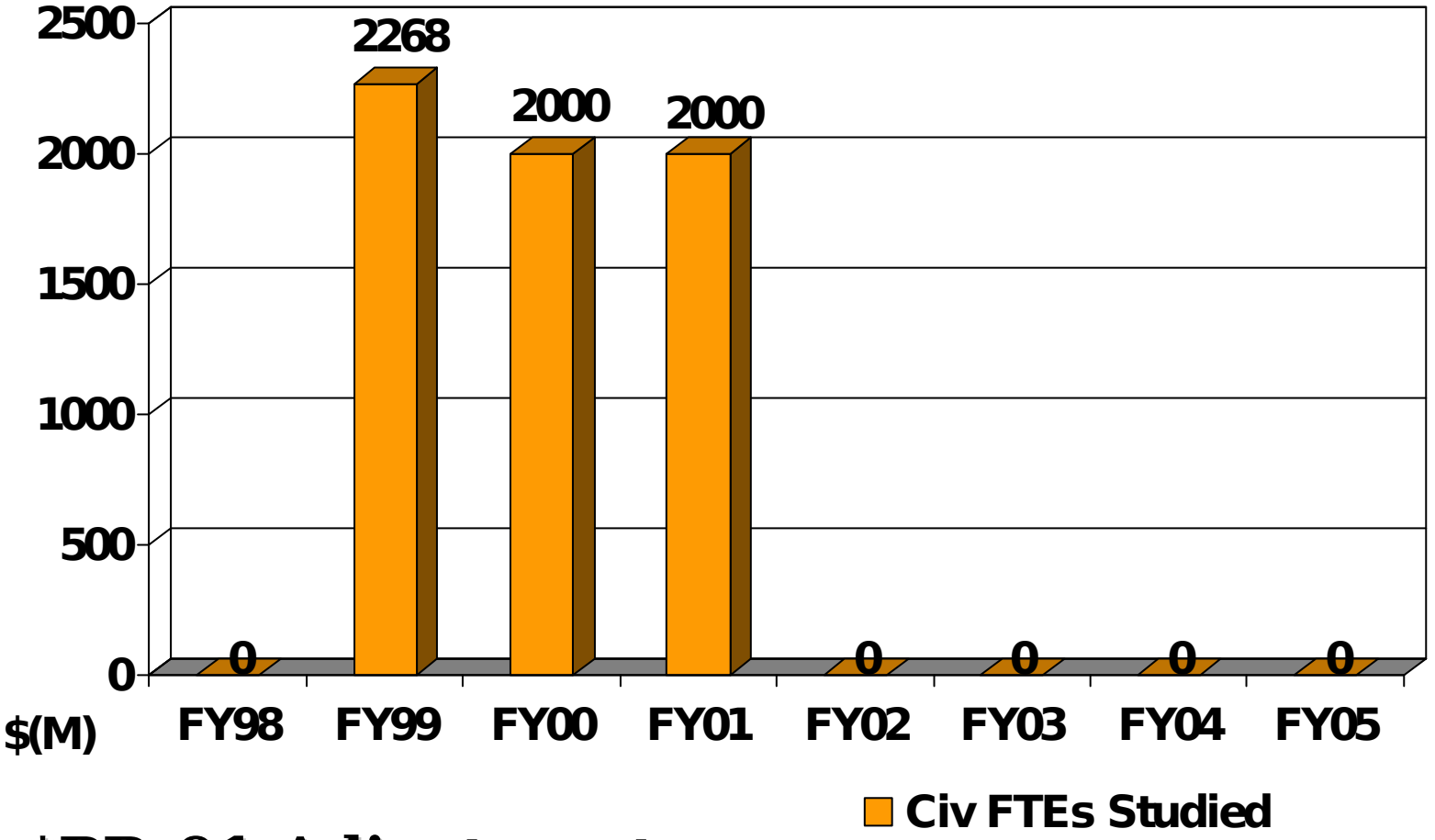
- **MOST EFFICIENT ORGANIZATION (MEO)** - The Government's most efficient in-house workforce organized to perform a commercial activity for competition under the A-76 process.

Program Driver - Fiscal*

***PBD-710R Adjustment (O&M)**



Program Driver - Personnel*



*PR-01 Adjustment

Installation Reform Initiatives

- A-76: CA Program
- Privatization
  - Utilities
  - Family Housing PPV
- Other Efficiency Improvements
  - Business Process Re-engineering (BPR)
  - Regionalization

CA History

- **Legislative support since 1930's**
- **Endorsed by 1st and 2nd Hoover Commissions**
- **Executive Directives since 1955**
- **Limited implementation by Executive Branch**
- **Extensive revisions by Carter and Reagan Administrations**
- **Recent History**
  - CORM & DSB reports (30% savings)
  - DoD (IPT & DRI DMC) require review of all non-core, commercial activities across the FYDP

Regulatory Requirements

- **OMB Circular A-76: The regulatory requirement which promulgates the following Sections of U.S. Code, Title 10**
  - **2461**: Requires MEO certification, cost comparisons, and Congressional notification.
  - **2462**: Allows contracting if costs are fair and all inclusive.
  - **2467**: Requires DoD to consult with employees on PWS & MEO.
- **FY 99 Auth. Act, Sec 8026: Multi-function cost study must be performed within 48 months, Single-function within 24 months.**
  - OMB limits to 36 months

Regulatory Requirements cont'd

- **The following actions are restricted by U.S. Code**
  - **Title 10, Section 114**: Prohibits contracting out R&D funcs.
  - **Title 10, Section 2464**: Limits contracting logistics support functions, unless waived by the Secretary.
  - **Title 10, Section 2465**: Limits contracting of firefighting and guard services.
  - **Title 10, Section 2466 & 2469 (appended)**: Limits contracting of depot maintenance functions to 50%.

Regulatory Requirements cont'd

- **Federal Activities Inventory Reporting (FAIR) Act**
  - **Opens up CA Inventory to scrutiny**
  - **Allows challenges (public or private)**
  - **OSD Policy forthcoming**

Previous Roadblocks

- No Standard PWSs, QAP or SSP
- Little preplanning before study announced
- Not sensitive to functional packaging issues
- Learning curve
- PWS dictated “how to” rather than outcomes
- Data availability/collection
  - workload - inventory - cost
  - inventory - personnel
- Multiple Review Chains
- Lack of Incentives

Critical Success Factors

- **Central Support**
  - HQMC oversight / assistance role
  - Resources
  - Webpage - www.hqmc.usmc.mil/ilweb.nsf (click on LR page)
- **Command Support**
  - Responsible for A-76 execution
- **Navy Competitive Sourcing Support Office (CSSO)**
  - Single support office (FAC/SUP)
  - Involved throughout the process
  - Assist with activity planning
  - Facilitate Contract Assistance
  - Commanders' Guidebook
  - Webpage - http://206.0.96.9/csso/

Other Efficiency Improvements

- Regionalization
- Process Improvements
  - Where A-76 won't work
    - High military
    - IHG civilians
- Technology Enablers
- Privatization

Background: 1st Announcement

- **FIRST ANNC (29 Apr 99) - 2,582 billets (314 mil)**
  - **Predominately Facility Mgmt funcs at the following:**
    - **Albany, GA: 131 (15 mil) Cherry Pt, NC: 298 (10 mil)**
    - **Parris Island, SC: 25 (16 mil) Beaufort, SC: 81 (6 mil)**
    - **Yuma, AZ: 263 (146 mil) Barstow, CA: 262 (11 mil)**
    - **Pendleton, CA: 536 (15 mil) San Diego, CA: 80 (4 mil)**
    - **Lejeune, NC: 356 (0 mil) Quantico, VA: 550 (91 mil)**
- **ACMC Recommendation (23 Apr 99)**
  - **Improve business groupings**
    - **Add functions that directly support Facility Management (i.e. shop stores, transportation, etc).**
  - **Improves sub-function interrelations.**
  - **Lessons administrative burdens.**

Background: 2nd Announcement

- **SECOND ANNC (20 Aug 99) - 1,140 billets (398 mil)**
- **CAMP LEJEUNE REQUEST - 797 billets (365 mil)**
  - **Nominated by Commanding General**
  - **Adds Comptroller, Manpower, & Training functions to the previously announced Facility Management functions.**
- **Others include:**
  - **Pendleton, CA: 34 (0 mil)**
  - **Barstow, CA: 120 (15 mil)**
  - **Cherry Pt, NC: 74 (0 mil)**
  - **San Diego, CA: 24 (0 mil)**
  - **Beaufort, SC: 24 (0 mil)**
  - **Quantico, VA: 8 (15 mil)**
  - **Albany, GA: 26 (3 mil)**

FY-99 Program Expectations

- 3,722 BILLETS TO BE REVIEWED
- POTENTIAL GROSS SAVINGS = $47.3M/yr
- RETURNS 690 MARINES TO OPERATING FORCES
- IMPROVES BUSINESS GROUPINGS

Background: 3rd Announcement

- **THIRD ANNC (4 Feb 00) - 664 billets (82 mil)**
  - **Adjusted per FY99 execution: 900 billets**
- **Primary Business Area: Facilities Maintenance**
- **Planned installations:**
  - **Hawaii: 257 (41 mil) - Parris Island: 195 (0 mil)**
  - **29 Palms: 189 (34 mil) - Henderson Hall: 23 (7 mil)**
- **Projected Gross Savings*: $9.1M/yr**

* Gross Savings based on civilian O&M salaries announced in the current fiscal year.

A-76 Update (FY01/02)

- **PR-01 planned FY01/02 announcements: 2,300 billets**
  - **Logistics, MCCS, Force Sustainment**
  - **All installations**
- **Projected savings*:**
  - **$31.4M/yr beginning FY03/04**
  - **Potential for many Marines to be freed up**
- **Status: HQMC/TFSD working group to assess issues**
  - **Affordability of MilPers replacement** **(see backup slide # 30)**
  - **Shrinking candidate pool**
    - **IT and Utilities off the table**
    - **Expect similar exemption requests from others**
  - **POM 02 issue**

***Gross Savings based on civilian O&M salaries announced in the current fiscal year**

Backup slide

Military/Civilian Mix Challenge in Future A-76 competitions

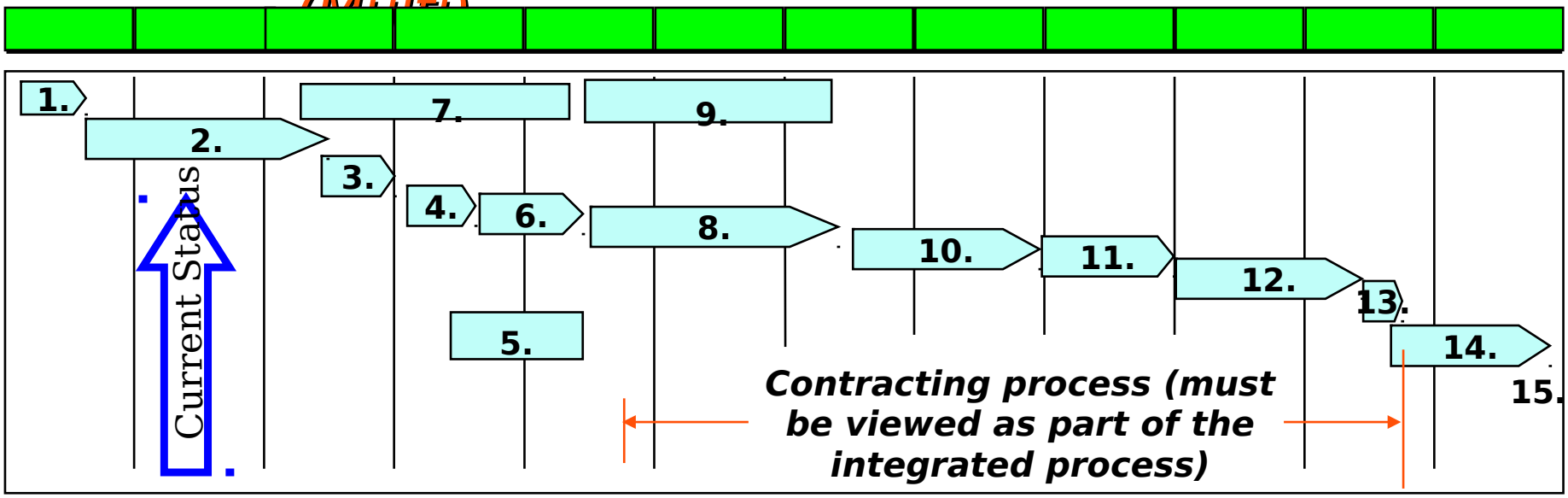
Business Area	Marines/Civilians
Facilities	1,700/4,300
Logistics	2,800/1,500
Force Sustainment	14,200/2,000
Community Services	700/1,100(+4,000 NAF)

These numbers illustrate our opportunity (to free up Marines for operating f
They also show the challenge (to fund civilians, albeit at lower cost, to repla
Numbers are **preliminary** input from installations and are being re-validate

Backup slide

A-76 Milestones

12 Month (Single Function); 24 Month (Multi)



1. Planning for CA
2. Conduct Mgmt study (historical data, PWS, QAP)
3. Review Mgmt study
4. Make changes & obtain approvals
5. Pre-solicitation actions
6. Prep & repro solicitation
7. Develop MEO, estimate, tech & price proposals
8. KTR/Govt response to solicitation
9. Perform independent review
10. Evaluate proposals
11. Obtain pre-neg. business clearance
12. Discussions, BAFOs
13. Obtain post-neg. business clearance
14. Compare w/in-house proposal
15. Award

Backup slide

Regionalization Initiatives

Reengineering Garrison Food Service

- **Objectives:**
  - **Establish two regional contracts**
  - **Adopt modern food technology**
  - **Provide maximum flexibility**
- **Investment Required:**
  - **Potentially some O&M increase to contract**
- **Results expected:**
  - **$20M savings annually**
  - **Free 600 Marines**
- **Status:**
  - **Issue RFP early Nov 99 with contract award in June 0**

Backup slide

Regionalization Initiatives

West Coast GME

- **Objectives:**
  - **Single region with 4,800 pieces of equipment from**
    - **Bridgeport Miramar Camp Pendleton**
    - **Twenty-nine Palms MCRD San Diego**
    - **Barstow Yuma**
  - **Central dispatch of 218 pieces of equipment**
- **Investment required:**
  - **$3.1M in start-up costs**
  - **O&M for 90 new civilians (some overlap with other initiatives)**
- **Results expected:**
  - **Return 234 Marines to operating forces**
- **Status: in staffing at HQMC (LF)**

Background: Lejeune Study

- **Major Business Areas:**
  - **Comptroller: 18 civ / 44 mil**
  - **Facilities: 537 civ / 30 mil**
  - **Logistics: 211 civ / 131 mil**
  - **Manpower: 13 civ / 31 mil**
  - **T&E: 9 civ / 129 mil**
  - **TOTAL: 788 civ / 365 mil**

Military Reapplication Incentive

- SECNAV Initiative
- CMC Priority - Return Marines to Operating Forces
  - Improves Readiness
  - Eliminates Training Reqs
  - Improves Morale and Retention
- 3060 Submitted / 1193 Approved
  - 594 cooks submitted / 594 approved
  - 409 messmen submitted / 0 approved
  - 2057 FAPs/Hardline billets submitted / 599 approved*

*Cat 3 FAPs

A-76 Update (FY99)

- **PR-01 planned FY99 announcements: 2,300 billets**
  - Actual announcements: 3,722 (3,010 civ, 712 mil)
- **Primary business area: Facilities Maintenance**
- **Announced installations**
  - **Pendleton – Albany – Quantico**
  - **Cherry Point – Lejeune – San Diego**
  - **Beaufort – Yuma – Barstow**
- **Projected savings*: $47M/yr beginning FY02**
  - **690 Marines/22 sailors freed**
- **Status:** On track for 24 month completion **(see backup slide # 29)**
  - Lejeune BOS time line = 30 months

***Gross Savings based on civilian O&M salaries announced in the current fiscal year**

A-76 Update (FY00)

- **PR-01 planned FY00 announcements: 2,300 billets**
  - **Adjusted per FY99 execution: 900 billets**
- **Primary business area: Facilities Maintenance**
- **Planned installations:**
  - **Hawaii Parris Island**
  - **29 Palms Henderson Hall**
- **Projected savings*: $9.4M/yr beginning FY02**
  - **~ potential for 100 more Marines expected to be freed up**
- **Status**
  - **Announcement pending PAC submission for MCBH and 29 Palms**
  - **Expect 600+ billets**

***Gross Savings based on civilian O&M salaries announced in the current fiscal year**